

### **Frequently Asked Questions (FAQs)**

on Bank Indonesia Regulation Number 10/36/PBI/2008 dated December 10, 2008,  
concerning Sharia Monetary Operations (OMS)

**Q. What is the background of the issuance of provisions concerning OMS?**

- A. As the basis of implementation of sharia monetary operations by Bank Indonesia constituting the manifestation of monetary control under sharia principles in the effort to support Bank Indonesia's task in formulating and implementing monetary policy.

**Q. What is the objective of OMS?**

- A. OMS is aimed at achieving the operational target of sharia monetary control in the form, among other things, of :
- a. adequacy of liquidity of sharia banks; or
  - b. other variables stipulated by Bank Indonesia in the form, among other things, of rate of return of interbank money market based on sharia principles,
- in supporting the achievement of the ultimate target of Bank Indonesia monetary policy.

The operational target is achieved by influencing sharia banks liquidity through monetary contraction or expansion.

**Q. What activities are included in the scope of the OMS?**

- A. The OMS activities include but not limited to :
- a. Sharia OMO; and
  - b. Sharia Standing Facilities
- which have to comply with sharia principles realized in the form of extension of fatwa and/or sharia opinion by competent fatwa authorities.

**Q. What is Sharia OMO?**

- A. Sharia OMO is a money market transaction activity based on sharia principles conducted by Bank Indonesia with Bank and other party in OMS, among other things, by :
- a. issuance of SBIS;
  - b. selling buying of rupiah denominated securities that complies with sharia

principles ...

principles including SBIS, SBSN, and other high quality and liquid securities;  
and/or

c. absorption of funds without issuance of securities.

**Q. When is Sharia OMO conducted and by what mechanism?**

A. Sharia OMO may be conducted either on periodic basis or at any time through auction or non-auction mechanism.

**Q. What are Sharia Standing Facilities?**

A. Sharia Standing Facilities are facilities provided by Bank Indonesia for Bank in OMS through non-auction mechanism by :

- provision of deposit facility in the form of Bank Indonesia Sharia Deposit Facility (FASBIS); and
- provision of financing facility in the form of repo of rupiah denominated securities.

**Q. Who are OMS participants?**

A. The OMO participants are Bank and/or other party, either directly or indirectly through intermediary.

Other party may be a non-bank legal entity, an individual, and other entity other than intermediary, related to the implementation of Bank Indonesia's task in monetary control.

Bank Indonesia determines requirements for OMS participant.

**Q. In what cases will an OMS participant be imposed sanctions?**

A. Sanctions will be imposed in the event of any cancellation of OMS transaction due to a failure in provision of adequate funds in rupiah demand deposit account and/or rupiah denominated securities based on sharia principles in Bank Indonesia to settle payment and/or securities liabilities on OMS transaction settlement.

**Q. In what form will the sanctions be imposed?**

A. The sanctions will be imposed in the form of written warning and financial penalty of 1 ‰ (one per one thousand) of the value of the cancelled OMS transaction with a maximum amount of Rp1,000,000,000.00 (one billion rupiah) for each cancelled OMS transaction.

In the event of any cancellation of transaction for the third time in a period of 6 (six)

months ...

months, it will also be imposed a sanction in the form of temporary termination to participate in OMS activities for 5 (five) consecutive business days

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